

# Regulation Changes for 2008

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California Tax Credit  
Allocation Committee (TCAC)

# Overview

- January 23, 2008: Committee adopted staff's final recommendations dated January 14, 2008
- One Exception: Committee did not raise the per-unit rehabilitation expenditures for 4 percent projects seeking higher developer fee in basis from acquisition costs (§10327(c)(2)(B))
  - Test remains \$15,000 per unit
- Substantive changes as follows:

# Basis Limits: §10302(nn)

- New basis limit methodology
- 9% credits:  $\frac{1}{2}$  SD above the mean
- 4% credits  $1\frac{1}{2}$  SDs above the mean
- County mean and SD used where dataset large enough
- Regional mean and SD used where dataset too small

# Basis Limits Continued

- 2003-2007 dataset:
  - Capital/Northern
  - Central Coast
  - Central Valley
  - North/East Bay Area
  - Los Angeles
  - Inland Empire
- 1997-2007 dataset:
  - Orange County
  - San Diego County
  - San Francisco
  - South/West Bay Area
  - Rural Counties



## 9% BASIS LIMITS

COUNTY	SRO & STUDIO	1 BEDROOM	2 BEDROOMS	3 BEDROOMS	4+ BEDROOMS
ALAMEDA	\$167,958	\$193,654	\$233,600	\$299,008	\$333,114
ALPINE	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
AMADOR	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
BUTTE	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
CALAVERAS	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
COLUSA	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
CONTRA COSTA	\$153,578	\$177,074	\$213,600	\$273,408	\$304,594
DEL NORTE	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
EL DORADO	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
FRESNO	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
GLENN	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
HUMBOLDT	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
IMPERIAL	\$121,367	\$139,935	\$168,800	\$216,064	\$240,709
INYO	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
KERN	\$112,739	\$129,987	\$156,800	\$200,704	\$223,597
KINGS	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
LAKE	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
LASSEN	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
LOS ANGELES	\$119,066	\$137,282	\$165,600	\$211,968	\$236,146
MADERA	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
MARIN	\$153,578	\$177,074	\$213,600	\$273,408	\$304,594
MARIPOSA	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
MENDOCINO	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
MERCED	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
MODOC	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
MONO	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
MONTEREY	\$147,826	\$170,442	\$205,600	\$263,168	\$293,186
NAPA	\$153,578	\$177,074	\$213,600	\$273,408	\$304,594
NEVADA	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
ORANGE	\$120,792	\$139,272	\$168,000	\$215,040	\$239,568
PLACER	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
PLUMAS	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
RIVERSIDE	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
SACRAMENTO	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
SAN BENITO	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
SAN BERNARDINO	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
SAN DIEGO	\$124,243	\$143,251	\$172,800	\$221,184	\$246,413
SAN FRANCISCO	\$174,286	\$200,350	\$242,400	\$310,272	\$345,662
SAN JOAQUIN	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
SAN LUIS OBISPO	\$138,623	\$159,831	\$192,800	\$246,784	\$274,933
SAN MATEO	\$133,446	\$153,862	\$185,600	\$237,568	\$264,666
SANTA BARBARA	\$138,623	\$159,831	\$192,800	\$246,784	\$274,933
SANTA CLARA	\$138,048	\$159,168	\$192,000	\$245,760	\$273,792
SANTA CRUZ	\$138,623	\$159,831	\$192,800	\$246,784	\$274,933
SHASTA	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
SIERRA	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
SISKIYOU	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
SOLANO	\$153,578	\$177,074	\$213,600	\$273,408	\$304,594
SONOMA	\$165,658	\$191,002	\$230,400	\$294,912	\$328,550
STANISLAUS	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
SUTTER	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
TEHAMA	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
TRINITY	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
TULARE	\$107,562	\$124,018	\$149,600	\$191,488	\$213,330
TUOLUMNE	\$115,615	\$133,303	\$160,800	\$205,824	\$229,301
VENTURA	\$138,623	\$159,831	\$192,800	\$246,784	\$274,933
YOLO	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864
YUBA	\$117,916	\$135,956	\$164,000	\$209,920	\$233,864

REVISED: January 5, 2008

## 4% BASIS LIMITS

COUNTY	SRO & STUDIO	1 BEDROOM	2 BEDROOMS	3 BEDROOMS	4+ BEDROOMS
ALAMEDA	\$209,948	\$242,068	\$292,000	\$373,760	\$416,392
ALPINE	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
AMADOR	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
BUTTE	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
CALAVERAS	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
COLUSA	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
CONTRA COSTA	\$195,568	\$225,488	\$272,000	\$348,160	\$387,872
DEL NORTE	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
EL DORADO	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
FRESNO	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
GLENN	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
HUMBOLDT	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
IMPERIAL	\$141,499	\$163,147	\$196,800	\$251,904	\$280,637
INYO	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
KERN	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
KINGS	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
LAKE	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
LASSEN	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
LOS ANGELES	\$154,729	\$178,401	\$215,200	\$275,456	\$306,875
MADERA	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
MARIN	\$195,568	\$225,488	\$272,000	\$348,160	\$387,872
MARIPOSA	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
MENDOCINO	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
MERCED	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
MODOC	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
MONO	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
MONTEREY	\$186,365	\$214,877	\$259,200	\$331,776	\$369,619
NAPA	\$195,568	\$225,488	\$272,000	\$348,160	\$387,872
NEVADA	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
ORANGE	\$155,879	\$179,727	\$216,800	\$277,504	\$309,157
PLACER	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
PLUMAS	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
RIVERSIDE	\$138,048	\$159,168	\$192,000	\$245,760	\$273,792
SACRAMENTO	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
SAN BENITO	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
SAN BERNARDINO	\$135,747	\$156,515	\$188,800	\$241,664	\$269,229
SAN DIEGO	\$154,729	\$178,401	\$215,200	\$275,456	\$306,875
SAN FRANCISCO	\$229,505	\$264,617	\$319,200	\$408,576	\$455,179
SAN JOAQUIN	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
SAN LUIS OBISPO	\$177,162	\$204,266	\$246,400	\$315,392	\$351,366
SAN MATEO	\$166,808	\$192,328	\$232,000	\$296,960	\$330,832
SANTA BARBARA	\$177,162	\$204,266	\$246,400	\$315,392	\$351,366
SANTA CLARA	\$171,985	\$198,297	\$239,200	\$306,176	\$341,099
SANTA CRUZ	\$177,162	\$204,266	\$246,400	\$315,392	\$351,366
SHASTA	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
SIERRA	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
SISKIYOU	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
SOLANO	\$195,568	\$225,488	\$272,000	\$348,160	\$387,872
SONOMA	\$214,550	\$247,374	\$298,400	\$381,952	\$425,518
STANISLAUS	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
SUTTER	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
TEHAMA	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
TRINITY	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
TULARE	\$132,871	\$153,199	\$184,800	\$236,544	\$263,525
TUOLUMNE	\$139,774	\$161,158	\$194,400	\$248,832	\$277,214
VENTURA	\$177,162	\$204,266	\$246,400	\$315,392	\$351,366
YOLO	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749
YUBA	\$150,127	\$173,095	\$208,800	\$267,264	\$297,749

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# Homeless Assistance: §10315(b)

- No longer a separate apportionment within nonprofit set-aside: preemptive priority
- Among homeless assistance projects, priority is:
  - McKinney Act funded projects
  - HCD Supportive Housing projects, and
  - MHSA projects

# Homeless Assistance Continued

- Second HA priority is local subsidy
  - Rental or operating subsidy
  - Letter of intent okay
- Unsuccessful homeless assistance competitors still cascade to special needs set-aside (§10315(g))
- The entire nonprofit set-aside is now capitalized with federal credits (§10315(k))

# Applications Exceeding Program Maximums: §10322(f)

- §10327(a): Development and operational costs must be within TCAC limits, and may be adjusted by the Committee
- §10322(f) now cross-references that provision, allowing TCAC to adjust application numbers down if exceeding program limits
- Changes may reduce credits and/or points



# 9% Resyndications of Tax Credit Properties: §10322(k)

- Certify sales price as no more than current debt balance secured by the property
- No acquisition basis in credit calculation
- These rules do not apply to:
  - SROs
  - Projects within 10 years of TCAC regulatory agreement expiring

# Service Amenities: §10325(c)(5)(B)

- Service provider contracts must be provided within application to garner points
- Direct client services required for 5 points
- The regulatory language now includes “social worker” to heighten the expected professionalism of the service coordinator

# Balanced Communities: §10325(c)(7)

- Local government must provide funds equal to at least 5% of total project costs
- New language counts private land donated as part of an inclusionary housing ordinance
- Value must be established “as restricted”

# Sustainable Building Methods: §10322(c)(8)

- Eight (8) point category
- Same menu of items still available
- New alternatives include:
  - LEED for Homes
  - Green Communities
  - GreenPoint Rated Multifamily Guidelines



# Third Tiebreaker: §10322(c)(12)

- Still lowest ratio of:
  - Requested unadjusted eligible basis, to
  - Total residential project costs, minus
    - Developer fee
    - Total land cost
    - General partner/sponsor equity/loans or
    - Loans from the equity provider
- Last two no longer left in if permanent

# Geographic Funding Order: §10322(d)(2)

- Formerly TCAC fully funded each region before proceeding to next
- Now, each region will have one project funded, before cycling through regions a second and subsequent times
- Should accommodate senior-only projects among regions during initial funding sequence

# General Partner Loans: §10325(f)(3)

- To be counted, GP/developer loans:
  - Must have documented proof of available funds at application
  - May not be substituted out at a later date

# Mental Health Services Act

## Funding: §10325(f)(8)(F)

- Basic threshold: Deferred payment financing must be committed at application
- Regulation contains a list of exceptions
- Change: MHSA may be anticipated but not yet awarded (substituted for archaic SHIA reference)



# Basis Limits Increases: §10327(c)(5)(A)

- Regs permit increases to unadjusted basis limit for various project features
- Changes include:
  - Maximum limit adjustment for listed features raised from 29% to 39%
  - New Limit Boost: 10% boost for projects:
    - With elevators that
    - Serve at least 95% of upper floor units

# Basis Limits Increases:

## §10327(c)(5)(B)

- Previously, additional 4% basis limit boost for projects with any three of ten features
- Now, as an alternative to the three-of-ten option:
- An applicant may elect to exceed Title 24 energy standards by 35%

# Basis Limits Increases: §10327(c)(5)(C)

- For 4% applications agreeing to 55 years:
  - 1% basis limit boost for every 1% of units targeted at 50% to 35+% of AMI
  - 2% boost for every 1% of units at 35% of AMI and below

## Examples:

100% at 50% AMI = 100% basis limit boost

100% at 35% AMI = 200% basis limit boost

Note: All 4% applications allowed 10% boost

# Basis Limits Adjustments:

## §10327(c)(5)(C)

- Discontinued large, corrective basis limit boosts for 4% applications (100% and 120%)
- Discontinued one-time 10% boost for 9% applications where development costs historically exceed limits



# Deferred Development Costs: §10327(d)(2)

- For 9% tax credit applications:
  - Previously, development costs deferrable up to 7.5% of unadjusted eligible basis
  - Now, additional limit set at 50% of proposed developer fee
  - Unless State or local public funding source requires greater deferral

# Minimum Operating Expenses: §10327(g)(1)

- Based upon data from TCAC portfolio
- Received in annual reporting
- Displayed by region, elevator/non-elevator, and project type

## 2008 Operating Costs Summary Minimums

Region	Project Type	At Risk and Non Targeted	Large Family	Senior	Single Room and Special Needs
		(a)			
All Other	Elevator	\$3,600	\$3,600	\$2,900	\$3,700
	Non-Elevator	\$3,400	\$3,400	\$2,700	\$3,500
Capital and Northern Area	Elevator	\$3,500	\$3,500	\$2,800	\$3,700
	Non-Elevator	\$3,300	\$3,300	\$2,600	\$3,500
Central	Elevator	\$3,200	\$3,200	\$2,500	\$3,300
	Non-Elevator	\$3,000	\$3,000	\$2,300	\$3,100
Coastal	Elevator	\$3,900	\$3,900	\$3,100	\$4,000
	Non-Elevator	\$3,700	\$3,700	\$2,900	\$3,800
East Bay	Elevator	\$4,600	\$4,600	\$3,600	\$4,700
	Non-Elevator	\$4,400	\$4,400	\$3,400	\$4,500
Inland Empire	Elevator	\$3,400	\$3,400	\$2,700	\$3,500
	Non-Elevator	\$3,200	\$3,200	\$2,500	\$3,300
Los Angeles	Elevator	\$3,900	\$3,800	\$3,000	\$4,000
	Non-Elevator	\$3,700	\$3,600	\$2,800	\$3,800
Orange	Elevator	\$3,600	\$3,600	\$2,800	\$3,700
	Non-Elevator	\$3,400	\$3,400	\$2,600	\$3,500
San Diego	Elevator	\$3,900	\$3,900	\$3,100	\$4,000
	Non-Elevator	\$3,700	\$3,700	\$2,900	\$3,800
San Francisco	Elevator	\$6,300	\$6,300	\$5,000	\$6,500
	Non-Elevator	\$6,100	\$6,100	\$4,800	\$6,300
San Mateo and Santa Clara	Elevator	\$4,600	\$4,600	\$3,600	\$4,700
	Non-Elevator	\$4,400	\$4,400	\$3,400	\$4,500

(a) Tax-Exempt Bond Projects with 30% or more of their units three-bedroom or larger use Large Family column. Tax-Exempt Bond Projects designed primarily to serve Seniors use the Senior column. Tax-Exempt Bond Projects primarily serving special needs populations or serving as an SRO use the Single Room and Special Needs column.